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Too Much of a Good Thing? The Antecedents and Consequences of Social Capital in Project Management Offices (PMO)

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ABSTRACT

Companies invest in project management disciplines to add value, advance strategies, and increase competitive advantage. Mature organizations are adding Project Management Offices (PMO) to provide additional support to increase the likelihood of project success. If PMO's are the solution to the problem, then why are the outcomes still problematic? We seek to address this research question by utilizing social capital theory to theorize on the impacts of PMO social capital on PMO performance. Further, we delineate the impacts of PMO characteristics on social capital and the moderating role of PMO culture on performance. This study seeks to extend the existing project management literature and has significant implications for research and practice.

Keywords

Project Management Office, PMO, social capital, culture, performance

INTRODUCTION

As firms look for ways to achieve competitive advantages, investments in Information Technology (IT) initiatives have increased significantly. For instance, Gartner predicted that companies were expected to spend \$3.8 trillion on IT projects in 2019, an increase of approximately 3.2% over 2018 (Gartner, 2018). However, studies also point out that projects do fail (PMI 2017), and that project and individual characteristics can impact project results (Haji-Kazemi et al., 2015; Jeffery and Leliveld, 2004; Petter and Randolph, 2009; Ramaswamy and Dawson, 2014).

Research also shows that the Project Management Office (PMO) and the business-PMO relationship can have a significant impact on successfully managing projects (Hobbs and Aubry, 2010). This means that PMO relationships and associated aspects such as culture can play a significant role in the success or failure of projects. Although prior researchers have studied social capital (Robert et al., 2008; van den Hooff and De Winter, 2011) and culture (Jung et al., 2009) in projects, research specific to PMO relationships and their impacts have not received sufficient attention. To address this research gap, this study will draw upon social capital theory and prior work on organizational culture to test a research model relating PMO characteristics, PMO social capital, PMO culture, and PMO performance. The research questions addressed in this study are as follows:

1. What are the impacts of PMO social capital on PMO performance?
2. What are the impacts of PMO characteristics on PMO social capital?
3. What role does PMO culture play in influencing the impacts of social capital on PMO performance?

THEORETICAL BACKGROUND

We adapt a social capital perspective as the foundational theory for this study. Social capital derives its roots in sociology from James Coleman and Pierre Bourdieu in the 1980s. The theories are widely accepted across multiple disciplines, including our focus of management (Nahapiet and Ghoshal, 1998; Woolcock, 2010). Nahapiet and Ghoshal (1998) state that social capital is composed of three dimensions: structural, relational, and cognitive capital. Structural capital in IT literature addresses it as the strength of the tie and stability of the network (Zimmermann and Ravishankar, 2014). Relational social capital consists of dimensions such as trust, norms, obligations, and group identification (Adler and Kwon, 2002). Whereas cognitive social capital is built around the sharing of information and is defined as an inclusive look at the shared codes, language, and narratives between the groups (Nahapiet and Ghoshal, 1998). While most studies view social capital as a

positive antecedent of performance, some studies also highlight the darker side of social capital (Pillai et al., 2017), pointing to potential curvilinear effects on performance.

RESEARCH MODEL AND HYPOTHESIS DEVELOPMENT

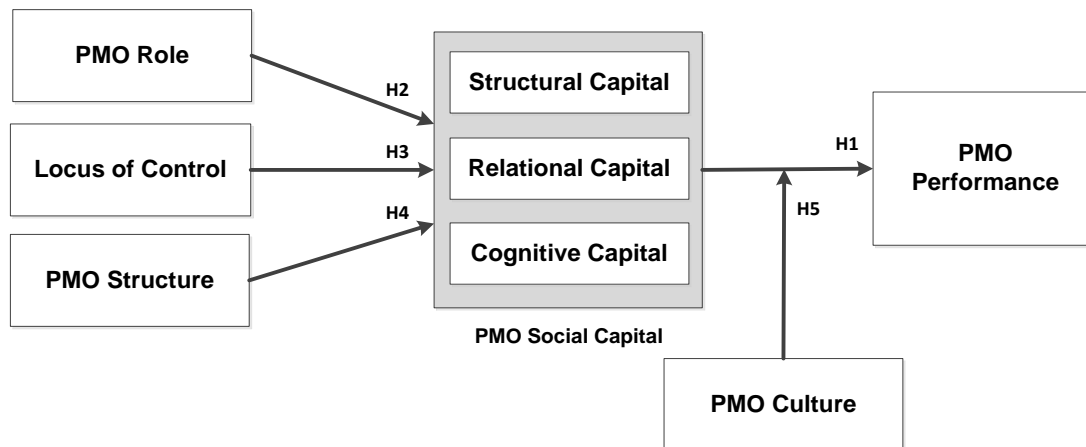


Figure 1. Research Model

The research model for this study is shown in Figure 1. The constructs and hypotheses are developed in the following paragraphs.

PMO Performance

PMO performance includes the conceptualization and measurement of *both* efficiency and effectiveness. Project managers can provide the triple constraint information for the efficiency measurement as defined as time, scope, and budget (Serrador and Pinto, 2015). Similarly, the effectiveness construct will include the realization of business case benefits (Ward and Daniel, 2013), and the perception of performance (Baccarini, 1999).

Social Capital and its Impacts

Prior literature states that social capital has a connection with higher levels of performance, increasing collaboration, strengthened relationships, and involvement when an interaction occurs with actors (Nahapiet and Ghoshal, 1998). Social capital theory is used widely in the IT literature on the ability to share knowledge among the various groups (Liu et al., 2015; van den Hooff and De Winter, 2011; Zimmermann and Ravishankar, 2014). The different dimensions of social capital as it relates to PMO are described below:

Structural Capital: PMO's operate as a network within an organization, providing stability and facilitating the exchange of tasks. However, the PMO brings the critical function of monitoring and control (Hobbs and Aubry, 2010), which provides another level of structure that extends upwards to leadership, down through the project teams, and across the matrix reporting of the organization. This allows the PMO a method of establishing structural social capital each time this function is exercised.

Relational Capital: PMO's need to establish and maintain trust at the entity level as well as develop it quickly when acting as part of individual teams while in fulfillment of the customer needs. Relational capital can have a significant positive impact on PMO performance, as trust, norms, and obligations and group identification have been shown to improve efficiency and effectiveness (Ko, 2014; Schlichter and Rose, 2013).

Cognitive Capital: Using standard methodologies, PMO's can provide a standardized, repeatable process that groups can expect, resulting in better social interactions. Prior studies indicate that higher levels of sharing information have positive effects (Chow and Chan, 2008), implying that cognitive capital can positively impact PMO performance.

Dark Side of Social Capital: These positive linear effects notwithstanding, Pillai et al. (2017) also discuss a taxonomy of distractors of social capital benefits suggesting that there is an optimum level of social capital. At extreme levels of social capital, PMO's may exhibit rigidity (Tolsby, 1998) or complacency in projects (Soda and Zaheer, 2012). Therefore, we hypothesize that:

H1: PMO social capital will have a curvilinear influence (inverted U-curve) on PMO performance.

PMO Role

Müller et al. (2013) created a typology of three roles that are commonly found within the PMO, further classified as controlling, serving, and partnering roles. In the controlling role, the PMO has oversight over the enforcement of the standards and the tools that are used. In the serving role, the PMO acts as a consultant or an outsourced specialty that is augmenting a lacking skillset. In the partnering role, the PMO is in a reciprocal, mutual, and equal relationship with the stakeholders. It is a collaborative joining of forces working towards an outcome together, resulting in sharing information equally amongst the parties (Muller et al., 2013). In this role, the sharing of information happens both ways, with both parties leveraging each other for social capital.

H2: Partnering role will have a higher impact on PMO social capital, compared to controlling and serving roles.

PMO Locus of Control

PMO's that are empowered decision-makers have the ultimate control in managing the performance measures of time, budget, and scope. Locus of control of PMO's can have a significant effect on PMO functioning and outcomes (Hobbs and Aubry, 2010; Hurt and Thomas, 2009; Oliveira and Martins, 2018), in that empowering the PMO with a level of authority for decisions enables them to act quickly and decisively in interactions. This can have a positive influence on structural social capital. Alternatively, PMO's with high decision-making authority roles negatively impact the development of relational and cognitive social capital, since there is an appearance of a lesser need to share information when authority is already granted (Tolsby, 1998).

H3: PMO locus of control will have differential (positive or negative) impacts on dimensions of PMO social capital.

PMO Organization Structure

Many studies have linked organizational structure to performance (Galbraith 1973; Jiang et al., 2003; Mintzberg, 1979; Raymond et al., 1995). In PMO's that contain a high level of formal structure, with documented rules, processes, and hierarchy, it is anticipated that this type of structure would positively affect structural social capital. In contrast, it is likely to have the opposite effect on relational and cognitive social capital. Conversely, a PMO that operates at a high level of informal structure, we posit that this structure would have a positive effect on the relational and cognitive social capital as personal contributors will run outside of the formal controls. Thus, we hypothesize,

H4: PMO structure will have differential (positive or negative) impacts on dimensions of PMO social capital.

PMO Culture

Kilmann, Saxton, and Serpa (1985) described culture as "something having to do with the people and unique quality and style of organization" (p. 2). Prior research has demonstrated that culture can have a positive impact not only on performance (Harper and Utley, 2001; Kanungo, 1998) but also on the perception of performance (Yazici, 2009). We postulate that PMO's that are high in involvement and adaptability are similar to a study in which the people-orientated culture more positively associated with implementation success than production-orientated cultures (Harper and Utley, 2001). Conversely, PMO's with higher levels on mission and consistency can inhibit the project team to make their deliverables (Tolsby, 1998).

H5: PMO culture will moderate the relationship between PMO social capital and PMO performance.

PROPOSED METHODS AND CONCLUSION

We propose to conduct a positivist survey to test our research model. The participants of this survey will be actively reporting into a PMO in the United States with a minimum sample size of 155 participants. The survey instrument is adapted from prior literature (Chao-Min et al., 2006; Denison and Mishra, 1995). The initial instrument will undergo pretesting with experts and pilot testing with a small convenience sample. The final online survey will be distributed to the participants after refining the survey based on pilot study results. The results of the survey will be analyzed by partial least squares (PLS) regression, with appropriate modeling for moderating influence of culture, and the curvilinear effects of social capital.

In summary, the purpose of this research study is to understand the impacts of PMO characteristics on PMO social capital and performance. Findings from this study will significantly inform research on PMOs, as the linear or non-linear impacts of social capital on performance can be delineated. Further, this study will also inform research on the antecedent conditions

driving social capital, and the moderating influences of culture in shaping PMO performance. Study results can also be beneficial for practitioners as they strive to reorient their relationship-building efforts within PMOs.

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